

MINUTES



MEMORANDUM

To: Board Members

From: Accounting for Financial Instruments Team

Subject: November 11, 2015 Board Meeting— Accounting for Financial Instruments: Classification and Measurement

Date: November 18, 2015

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board’s deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Accounting for Financial Instruments: Classification and Measurement

Basis for Discussion: FASB Memo No. 295—Summary of External Review Comments
FASB Memo No. 297—Effective Date and Early Application of the Final Guidance

Length of Discussion: 11:05 a.m. to 11:20 a.m. (EDT)
1:00 p.m. to 2:00 p.m. (EDT)

Attendance:

Board members present: Golden, Buck, Kroeker, Linsmeier, Schroeder, Siegel, and L. Smith

Board members absent: None

Staff in charge of topic: Gupta

Other staff at Board table: Cosper, Esposito, Bjorkman, and Viramontes

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board continued rediliberations of its proposed Accounting Standards Update, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*.

A final Accounting Standards Update is expected to be issued in the fourth quarter of 2015

Tentative Board Decisions:

Accounting for Financial Instruments: Classification and Measurement. The Board continued redeliberating the February 2013 proposed Accounting Standards Update, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, specifically discussing the summary of external review comments, effective date and early application of the final standard, and permission to begin drafting the final Update for vote by written ballot.

Summary of External Review Comments

The Board agreed with the staff's analysis of the significant areas of external review comments and the approach taken to address those comments.

(Vote: 7-0)

Effective Date and Early Application

The guidance in the final standard will be effective as follows:

1. Public business entities will be required to apply the guidance for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.

(Vote: 4-3)

2. Entities that are not public business entities including not-for-profit entities and employee benefit plans within the scope of Topics 960 through 965 on plan accounting will be required to apply the guidance for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early application of the final Accounting Standards Update by these entities is permitted for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.

(Vote: 7-0)

Early application of the following provisions of the final Accounting Standards Update is permitted for all entities upon issuance of the final Update as of the beginning of the fiscal year of adoption:

1. An entity shall present separately in other comprehensive income the portion of the total change in the fair value of a financial liability measured under the fair value option that results from a change in the instrument-specific credit risk.
2. Entities that are not public business entities are not required to apply the disclosure guidance in the General Subsection of Section 825-10-50.

(Vote: 5-2)

Permission to Draft Final Update

The Board concluded that the benefits of the changes justify the related costs and directed the staff to draft a final Accounting Standards Update for vote by written ballot.

(Vote: 4-3)

General Announcements: None